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See pages 14 + 15

CLEVELAND PUBLIC LIBRARY
BUSINESS BR.
CORPORATION FILE

HJM



Annual Report



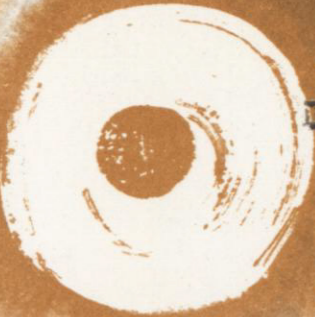
1955



BANK OF AMERICA was founded on—and has grown from—a new idea in the mind of our founder, A. P. Giannini. This idea was to bring banking services close to the needs of the individual Californian . . . to make these services easily available to him no matter where he lived, or worked, or had his business.

The search for new and improved methods of banking . . . for ideas that will improve services to the customer while lowering operating costs is as old as the Bank itself.

As you read these pages, you will see that these Bank of America traditions are still fundamental in our operations. New branches of the Bank bring our services where Californians can most conveniently use them. Further innovations in how we conduct our business are designed to improve our services and promote the efficiency of our operations.



Key to Symbols

- *New Branches opened during 1955*
- *Branches relocated during 1955*

As of December 31, 1955 there were 574 branches of this Bank in California. The symbols designating new branches opened during 1955 mark the locations of the 26 offices which were added to our statewide system during the year.



● Yreka

● Arcata

Chester ●

● Paradise
● Chico

Oroville ●

First, Roseville ●
● North Highlands
● Freeport-Wentworth, Sacramento

● Antioch
● Concord
● Clayton Valley, Concord
● Richmond
● Van Ness-Sacramento SF
● Coastsides, Sharp Park ●
● San Carlos
● Stanford
● Mountain View ●
● Sunnyvale
● Willow Glen, San Jose

● Madera
● Manchester Center, Fresno
● Sanger

● Delano

● Ridgecrest

Sepulveda-Devonshire,
San Fernando ●

Canoga Park ●

Sunset-Wetherly, Hollywood ●
La Brea-Adams, Los Angeles ●

Sepulveda-Jefferson, Culver City ●
Tweedy-Alexander, South Gate ●

Lawndale ●
Lakewood Center, Lakewood ●

Bixby Knolls, Long Beach ●
Lakewood Village, Long Beach ●

Viking Way, Long Beach

● Duarte
● San Dimas
● Pomona
Washington-Telegraph LA
● South Whittier, Whittier
● Norwalk Square, Norwalk
● Disneyland, Anaheim

● South Santa Ana, Santa Ana
● Costa Mesa

● Fletcher Hills, San Diego

Point Loma, San Diego ● ● Hillcrest, San Diego

A. P. Giannini

"A bank is a public service institution.

As it is able to serve, so in

direct ratio will it prosper, and the

banker can never afford to forget this."

"Aim to put yourself in a position to do

something the other fellow can't do—

particularly in an emergency. Be ready to

help people when they need it most. Get set

to yank them out of a hole. The glad

hand is all right in the sunshine, but it's the

helping hand on a dark day that folks

remember to the end of time."

A. P. GIANNINI

Highlights of the year's operations

Net Operating Earnings, after applicable taxes, were \$66,044,862, which is equal to \$2.75 per share on our 24,000,000 shares outstanding. This compares with \$63,461,762, or \$2.64 per share, in 1954.

Taxes and Assessments for the year were \$72,995,811, or \$3.04 per share.

Dividends paid during the year totaled \$42,000,000, compared with \$38,400,000 in 1954. Regular dividends of \$1.60 per share were paid, plus an extra dividend of 15 cents.

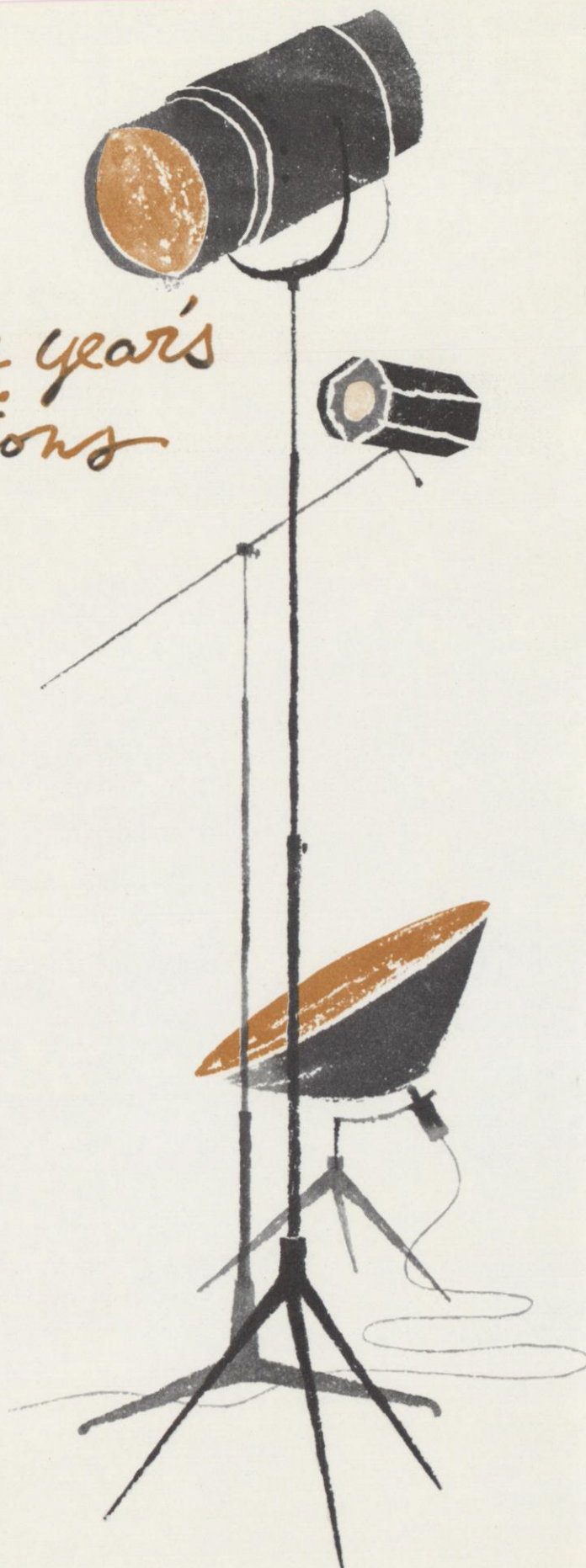
Capital Funds and Reserve for Possible Loan Losses aggregated \$556,981,869 at the year-end, an increase during the year of \$27,766,723.

Total Resources increased from \$9,163,355,289 to \$9,669,145,972.

Loans increased from \$4,043,312,144 to \$4,727,961,473.

Deposits increased from \$8,270,534,751 to \$8,802,506,128, and number of deposits accounts from 5,656,372 to 6,037,663 as of November 30.

At the year-end we were operating 574 branches in 350 California communities. This represents an increase of 26 during the twelve month period. In addition, there were 31 military facilities of this Bank in California for the convenience of our armed forces. Overseas, 22 branches and military facilities were in operation.





Report to the Stockholders for the year 1955

San Francisco, California
January 17, 1956

Once again your management can report a year of growth and progress. Your Bank has moved forward impressively in an economic environment which has been very favorable.

The national economy in 1955 produced goods and services at a rate never before reached. Total production grew by ten per cent in little over a year as business, consumers and governmental agencies all spent large sums in taking up the greatly expanded national output. The major impetus was furnished by consumer spending. Record-high incomes and employment, combined with favorable credit conditions, stimulated consumer demand for goods and services of all kinds. In the latter part of the year the national monetary and credit authorities became seriously concerned over the possibility of inflation. Steps were then taken by the Federal Reserve Board and other agencies to tighten credit in order to slow down the rate of borrowing and spending.

The West, the fastest growing section of our great country, reflected the national upsurge in business, with California leading the area to new economic heights. Employment reached its highest mark in the State's history. The confidence engendered by high wages and plentiful employment opportunities manifested itself in greatly increased spending and a heavy demand for consumer loans to finance the purchase of automobiles and other major consumer items. Similarly, the expanded volume of sales, coupled with additions to plant, equipment and inventory, created an accelerated demand for credit by business and industry.

The demand for mortgage funds was also very strong. Construction, especially in the residential category, was substantially greater in the first portion of the year than in the same period in 1954. As the year progressed, the general tightening of credit was felt in the mortgage field and resulted in a tapering off in building activity. Nevertheless, for the year as a whole, a larger number of units was built in the nation, the West and California than ever before.

Farm production in California, despite some unfavorable weather conditions, was generally satisfactory. While nationally the trend of farm income was downward, in this State the figures for the first ten months of the year exceeded those for the same period of 1954. For the entire year the record was about the same as in the preceding year.

California's population continued to reflect an upward trend. By the midyear, the State had more than 13,000,000 people. The substantial growth added to our opportunities to serve business and consumers locally, just as the economic upsurge nationally and in the West as a whole enlarged our opportunities on a broader front. United States foreign trade and world economic activity also increased, thereby facilitating the Bank's expansion in the field of international finance.

In California, following the long established Giannini policies, Bank of America services have been made available to additional communities in need of banking facilities and to an ever-increasing number of the State's residents. The number of deposit accounts served by this Bank has increased in the past year at a rate almost twice as fast as the population of our State. At the year-end, there were over 6,000,000 such accounts on our books. Thus, while the growth of our Bank's business has not been limited to California, it may be seen that we have maintained our position of leadership in the State, and our many services continue to enjoy the favorable acceptance of the public.

As the year was reaching its close, severe storms struck northern California and the adjacent states. These resulted in serious floods in a few sections of this State, bringing great hardship and suffering to many Californians. There was substantial damage to both privately owned and public property. State and Federal authorities and the American Red Cross took immediate steps to provide necessary relief and to begin the task of rehabilitation. We extended our full cooperation to them by making space available in our branches and placing staff at their disposal. We shall do our utmost to assist in the great task of rehabilitation and to help our customers and others in the affected areas solve the financial problems with which they are faced.

Relatively few of our branches were directly affected by the floods, and damage to them was negligible. Similarly, our preliminary surveys indicate that loan losses arising from this disaster will be relatively small. Certainly this tragedy suggests that further control measures are needed in this State to lessen the danger from future floods as well as to conserve available water supplies.

Operating results for the year were gratifying, particularly in the last half when increased loan volume and somewhat higher interest rates began to reflect themselves in the income accounts.

Interest earned on loans and securities, and miscellaneous income were both substantially higher than in the previous year. On the expense side, total interest paid on savings and time deposits increased in line with the growth in deposits of this type. Salary expense also increased as additional employees were added to staff new branches and to process a

COMPARATIVE SUMMARY OF EARNINGS

Operating Earnings:	1955	1954
Interest on loans	\$214,002,334	\$204,267,572
Interest and dividends on securities, after amortization of premiums	60,976,639	55,657,603
Commissions, fees and other income	57,101,513	53,623,740
	<u>\$332,080,486</u>	<u>\$313,548,915</u>
Operating Expenses:		
Interest paid	\$ 69,127,755	\$ 64,822,742
Salaries (including employees' bonus and participation in profit-sharing plan)*	87,400,573	82,549,047
Provision for taxes and assessments applicable to operations	72,995,811	69,684,113
Other operating expenses	36,511,485	33,031,251
	<u>266,035,624</u>	<u>250,087,153</u>
Net Operating Earnings	\$ 66,044,862	\$ 63,461,762
Profit (or loss) on securities transactions (after Federal tax)	474,846	5,387,163
	<u>\$ 66,519,708</u>	<u>\$ 68,848,925</u>
Transfer to Reserve for Possible Loan Losses	\$ 10,000,000	\$ 10,000,000
Tax saving resulting from reserve transfer	4,732,000	4,784,000
	<u>5,268,000</u>	<u>5,216,000</u>
	<u>\$ 61,251,708</u>	<u>\$ 63,632,925</u>
Dividends paid	42,000,000	38,400,000
Addition to Capital Funds	\$ 19,251,708	\$ 25,232,925

*Employees' bonus and participation in profit-sharing plan amounted to \$7,419,765 in 1955 and \$7,848,661 in 1954.

Following a trend in the reporting of earnings by major banks, the format of the above Summary of Earnings is somewhat changed from that used in the Annual Reports of previous years.

greatly expanded volume of business. Higher salary and wage levels which were general throughout business and industry also had their effect.

Taxes continue to absorb an extremely high percentage of earnings. Income and Franchise taxes alone amounted to over \$61,000,000, a sum approximately equal to all of the income received on our securities portfolio of almost \$3 billion! These taxes for the year were the equivalent of about \$2.54 per share on the 24,000,000 shares of stock outstanding.

Net Operating Earnings, after applicable taxes and assessments, were \$66,044,862 compared with \$63,461,762 for 1954. On a per share basis this amounted to \$2.75 for 1955 against \$2.64 for 1954.

Securities Profits, after taxes, were \$474,846. These non-recurring profits were smaller than in the previous year because of the lower prices which prevailed in the securities market, brought about by a firming of interest rates. The comparable figure for 1954 was \$5,387,162.

There was added to the Reserve for Possible Loan Losses the sum of \$10,000,000. This allocation is the same as that made in 1954. Under the tax laws, transfers to this reserve may be treated as an expense item. Therefore, in addition to strengthening the Bank's financial position, this transfer also reduced our income tax liability by \$4,732,000. Thus, the net charge against earnings for this allocation was only \$5,268,000.

After payment of dividends of \$42,000,000, the sum of \$19,251,708 was added to Capital Funds.

Regular dividends were declared during the year at the annual rate of \$1.60 per share and were paid quarterly. In addition, on December 28, an extra dividend of fifteen cents per share was paid, bringing dividend disbursements for the year to \$1.75 per share, or a total of \$42,000,000 compared with \$38,400,000 in 1954.

For the past several years your management and directors have followed a policy of retaining a substantial portion of earnings to provide the capital necessary to support our Bank's continued growth. In this way, Capital Funds and Reserve for Possible Loan Losses together have been increased over \$110,000,000 since 1950. These additional funds have added materially to the strength of the bank, to the security of its depositors, and to the equity of its stockholders.

Capital funds at the end of 1955 totaled \$485,848,396. This represents an increase of \$19,251,708 since December 1954 when capital funds aggregated \$466,596,688.

As previously reported, Reserve for Possible Loan Losses was increased \$10,000,000 during the year by transfers from Undivided Profits. After giving effect to loan losses and recoveries in the twelve month period, this reserve stood at \$71,133,473 compared with \$62,618,458 at the end of 1954.

Thus, Capital Funds and the Reserve for Possible Loan Losses combined were \$556,981,869 as of last December 31, an increase of \$27,766,723 for the year.

Deposits showed a very substantial growth during 1955. Demand deposits at December 31, 1955 totaled \$4,577,799,240 reflecting an increase during the year of \$385,538,922. These deposits are carried in almost 2,100,000 checking accounts. These are accounts of people in every walk of life, of large and small businesses, of other banks, of municipalities, counties and other political districts. Here too are accounts of the State of California, of the United States Treasury, and of many foreign governments. While Bank of America is the bank of the "little fellow", nevertheless of the 100 largest corporations of the nation 81 are depositors of this Bank.

Savings and Time Deposits also showed a healthy growth during the year, although the rate of expansion was less than in 1954. This was in line with the national trend. These deposits increased some \$146,000,000 in 1955 to a year-end total of \$4,224,706,888. In this category are more than 3,900,000 individual accounts, including nearly a million in the School Savings classification which Bank of America pioneered many years ago, and through



Customers park on the roof of this branch!

which millions of California school children have learned the lessons of thrift. Our Christmas Club last year reached new records, and over \$54,000,000 was paid out to some 435,000 Californians in time for the Christmas season.

During the year, a new service was added to our savings deposit activities in the form of Vacation Club accounts. While similar to Christmas Club, these accounts may be opened at any time and provide the means for saving money regularly and systematically for special goals, such as vacation travel. Interest is earned on these deposits, and the balances are paid to the depositors when the accounts mature at the end of a fifty week period.

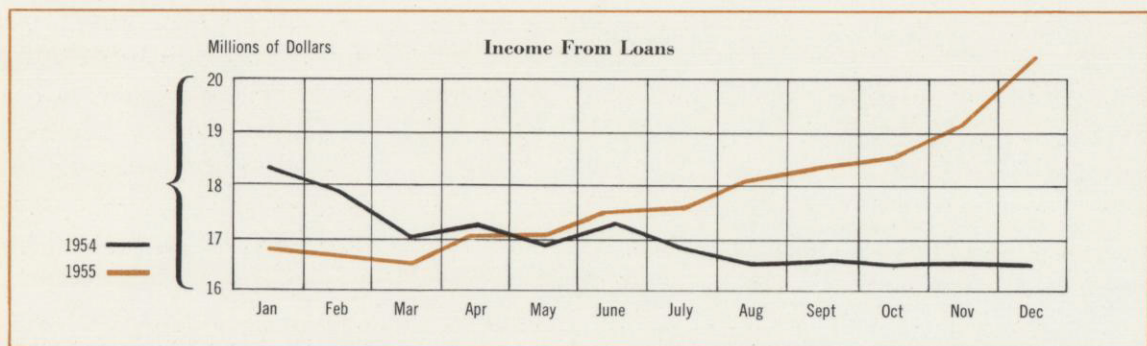
Loans and discounts reached a new high in 1955, and at the year-end aggregated \$4,727,961,473 compared with \$4,043,312,145 at the end of the preceding year, an increase of about \$685,000,000.

Except for minor seasonal declines, loan volume in 1955 moved upward consistently to reach an all-time peak at the year-end. This pattern was substantially different from 1954 when there was a material decline in loan volume, particularly in the Timeplan classification. The effect of these variations may be seen in the chart below which represents income from loans for the two years, expressed in millions of dollars.

Commercial loans representing, in the main, advances to business, industry, and agriculture, stood at \$1,678,561,000 at the year-end. This reflected an increase of some \$300,000,000 for the year compared with an increase of only \$75,000,000 in 1954. Because most of these

loans are for current operating purposes, they are relatively short-term and therefore possess a high degree of liquidity.

Real Estate loans at December 31, totaled \$1,987,215,000, an increase of \$160,000,000 during the year, against a 1954 increase of \$10,900,000. More than 78,000 loans aggregating some \$730,000,000 were made in this category during 1955. The great majority of these loans are on a monthly instalment basis and repayments of about \$575,000,000 were collected during the twelve months. Our real estate loans average about \$6,300 each, and approximately 61% of them are guaranteed or insured by agencies of the United States Government.



Timeplan loans are our third major classification. These are loans made to individuals for the purchase of automobiles, household appliances and similar items. They include personal loans for a great variety of purposes, as well as loans made to modernize and repair homes. Also in this category are the loans made to farmers for the purchase of farm equipment and to business men to finance their inventory requirements and their accounts receivable. These loans at December 31, 1955 reached \$1,091,683,000, an increase for the year of \$222,800,000. In 1954, a reduction of some \$192,500,000 was recorded in this loan classification at the year-end.

By their nature, the annual pay-off on these loans is extremely high. Instalments of more than \$2,400,000,000 were collected, and some 2,500,000 loans aggregating in excess of \$2,600,000,000 were made during the year. The care which was exercised in the extension of Timeplan credit in 1954 and the prosperous conditions of 1955 were reflected in an extremely low delinquency ratio. Loss experience continues very favorable.

Our willingness and ability to advance credit to such a vast number of borrowers and in such amounts have been major factors in the growth and development of this State. We look upon the extension of credit for sound, constructive purposes as a basic responsibility.

As the New Year begins, loans of all categories are at high levels. With most segments of the economy very strong, it would appear that demand for credit will continue unabated for some months, and that income from loans in 1956 will be well in excess of the figure for the past year.

Securities in the Bank's portfolio showed some reduction during the year as loans were increased in response to the heavy demand for credit. Maturing short-term obligations and deposit increases provided sufficient funds to meet this demand without substantial sales. Even though rising interest rates tended to reduce bond prices rather consistently during the year, securities transactions nevertheless resulted in a net profit of \$474,846 after Federal income tax.

Maturities in that portion of our account represented by securities of the United States Government and securities guaranteed by the Government, were shortened during the year, and at the year-end averaged 3 years 8 months, compared with 4 years 6 months a year ago. Of these securities, \$1,330,000,000 par value, or 62%, were due or callable within 5 years, 99% within 10 years, and 24% within one year.

Once again our holdings of State, County, and Municipal bonds have been increased. During the year we continued our traditional role of helping to maintain a market for the securities of this State and its political subdivisions, and of investing in these issues in substantial amounts. There were 575 issues for over \$660,000,000 offered during 1955. Syndicates headed by this Bank bid on 544 of these issues and purchased approximately \$286,000,000. Thus we helped in a substantial way to assure the successful flotation of these bonds for needed improvements to accommodate our growing population.

The remainder of our securities portfolio showed little change from the preceding year-end.

Our Trust Department enjoyed a year of significant progress in terms of new business and earnings.

There were impressive gains in the number of appointments to act for corporations as subscription, transfer, or dividend disbursing agent; as trustee under pension, profit-sharing, and employe savings plans; and as paying agent under bond issues. Some of the corporations for which we acted in these capacities are the giants of American industry. For example, we were named Subscription Agent for the Pacific Coast States in connection with the \$325,000,000 new stock issue of General Motors Corporation, and as a Co-Subscription Agent for the \$100,000,000 debenture issue of Radio Corporation of America. In contrast with these huge transactions, we also acted as Trustee under several bond issues of corporations and municipalities where the individual issues were less than \$250,000. We accepted a number of appointments to act as Paying Agent for church building note issues. Here the amounts involved ranged from \$6,000 to \$50,000.

During the year, we were named as Trustee or Agent in the employe benefit plans of more than 70 companies. At the close of 1955, our Bank was acting in 291 such programs for some of the largest corporations in the country, as well as for many small business enterprises. The accounts range in size from several millions of dollars covering thousands of employes, to a few thousand dollars covering a very small number of employes, and represent every type and kind of pension, profit-sharing and thrift plan.

Bank of America

NATIONAL TRUST SAVINGS

Statement of Condition

(Figures of Overseas Branches)

RESOURCES

Cash and due from banks	\$1,609,581,021.51
United States Government securities and securities guaranteed by the Government	\$2,149,433,488.43
Federal agency securities	147,209,756.53
State, county, and municipal securities	576,145,111.55
Other securities	101,279,432.42
Stock in Federal Reserve Bank	10,500,000.00
TOTAL SECURITIES	2,984,567,788.93
Loans guaranteed or insured by the United States Government or its agencies	1,273,977,300.06
Other loans to customers for use in their businesses, for building, buying, or modernizing their homes, for financing automobile or household equipment purchases, etc.	3,453,984,172.54
Interest due on bonds and loans, and accounts receivable	51,963,655.34
Customers' liability for letters of credit and acceptances, and on endorsed bills and notes	203,963,115.65
Bank buildings, furniture, fixtures, and safe deposit vaults, carried at cost less depreciation reserve of \$35,268,305.26	87,145,920.50
Other real estate owned. Unoccupied bank premises, and real estate acquired in the settlement of debt, carried at less than cost or at appraised value	2,545,571.65
Other resources, deferred charges, etc.	1,417,425.95
TOTAL RESOURCES	\$9,669,145,972.13

Member Federal Reserve System

Bank of America
(INTERNATIONAL)

A wholly-owned subsidiary

CONDENSED STATEMENT OF CONDITION

RESOURCES

Cash and Due from Banks	\$ 54,261,259.17
United States Government Obligations, direct and fully guaranteed	13,984,649.66
Other Securities	8,789,717.09
Loans and Discounts	76,970,419.74
Accrued Interest	391,184.45
Customers' Liability on account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	78,746,526.53
Other Resources	913,223.50
TOTAL RESOURCES	\$234,056,980.14



America

AND ASSOCIATION

in December 31, 1955

(figures are as of December 23, 1955)

LIABILITIES

Capital. Representing the investment of over 200,000 stockholders of record	\$ 150,000,000.00
Surplus. Paid in by stockholders or accumulated from earnings.	200,000,000.00
Undivided profits. Profits accumulated and not distributed	130,080,550.05
Reserves. Set aside out of accumulated profits by the Board of Directors, available as a reserve, in addition to Surplus and Undivided Profits, against normal contingencies	<u>5,767,846.25</u>
TOTAL CAPITAL FUNDS	\$ 485,848,396.30
Reserve for possible loan losses. To apply against any loan losses that may develop in the future; it has not been allocated to any particular loans or type of loans	71,133,473.10
Demand deposits. Funds placed with the bank by individuals, corporations, firms, banks, United States Government, State of California and political subdivisions thereof	\$4,577,799,240.25
Savings and time deposits. Funds placed with the bank in savings accounts or for extended periods of time by individuals, corporations, firms, banks, United States Government, State of California and political subdivisions thereof	<u>4,224,706,887.96</u>
TOTAL DEPOSITS	8,802,506,128.21
Liability for letters of credit and as acceptor of and endorser on acceptances, bills and notes	205,235,881.78
Reserve for interest received in advance	52,434,432.24
Reserve for interest payable on time deposits and for taxes and other expenses	<u>51,987,660.50</u>
TOTAL LIABILITIES	<u>\$9,669,145,972.13</u>

Member Federal Deposit Insurance Corporation

California—New York

(NATIONAL)

Member subsidiary

CONDITION DECEMBER 31, 1955

LIABILITIES

Capital	\$ 10,000,000.00
Surplus	4,000,000.00
Undivided Profits	<u>708,686.09</u>
TOTAL CAPITAL FUNDS	\$ 14,708,686.09
Reserve for possible Loan Losses	1,117,093.13
Deposits	137,309,776.27
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills, and Notes	79,697,301.81
Reserve for Interest Received in Advance	323,516.18
Reserve for Interest, Taxes, etc.	<u>900,606.66</u>
TOTAL LIABILITIES	<u>\$234,056,980.14</u>



Not only did appointments of the character outlined above set a new record for our corporate trust activities, but they represented a recognition of the growing economic importance of the West and of the superior facilities of our state-wide system. Furthermore, they demonstrate that our Corporate Trust section is adequately equipped to serve the largest corporations, and, at the same time, is able and willing to provide the trust service required by even the smallest enterprise.

Gratifying results have been obtained from the increased emphasis which we have placed upon the extension and development of our estate planning, living trust, and investment management services.

Consistent with our long established policy of serving individuals of limited as well as large means, we are making every effort to improve and enlarge our services to meet the growing demands of people in all walks of life, so that they may advantageously use our trust facilities. Our Common Trust Fund is one of the means by which this is accomplished. This fund, which is one of the largest in the country, has been in operation since 1947. It contains almost 2,000 individual trust accounts, and through this pooling arrangement literally thousands of individual beneficiaries receive the advantages of broad diversification and a favorable return which would not otherwise be available to them.

Much of the progress which our Trust Department has made resulted from the cooperation of customers, stockholders, and directors, who called upon us to serve them in various trust capacities, and who recommended our trust services to relatives and associates. Their loyal support assisted materially in the growth of the department and its increased contribution to the earnings of the Bank.

In the centers of world trade our Bank is assuming an increasingly important role. This is reflected in the material expansion of the activities of our International Banking units. During the past year there was a significant increase in world trade stimulated in part by business conditions in the United States; another year of peace brought with it an upsurge in tourist travel. Despite discouragements, especially toward the year's end, and some areas of ferment, most of the year was marked by an improved international political climate. There was an accelerated flow of American capital abroad for investment in productive enterprises. These favorable trends were handicapped to some extent by continued exchange restrictions, and by fears in some countries of growing inflation. However, with a few exceptions, the economies of the other countries of the world showed progress and increased prosperity.

In this generally favorable environment, our International Banking units increased their resources and earnings in a gratifying way. Through these units, our Bank expanded its volume of loans to finance the movement of goods in international trade. Our facilities were of substantial assistance to American industry and to many foreign countries engaged in development projects involving the exportation of American capital goods and services. We participated with the International Bank for Reconstruction and Development in loans made

in nine foreign countries and made direct loans in eight other countries for industrial and agricultural development purposes. These have included credits for such things as highway and railroad construction and equipment, electrification projects, and agricultural mechanization. Our activities in this direction included participation in the financing of the much publicized development project (Cassa per Il Mezzogiorno) which is expected to change the economy of southern Italy so materially. Our Bank also cooperated with the Export-Import Bank and the International Cooperation Administration in connection with their loans and grants to foreign countries.

Overseas branches are now operated in Guam, Bangkok and Manila; there are two such branches in London, and four in Japan. Thirteen military facilities were in operation to serve our armed forces overseas, with an additional one opening early in the New Year in Seoul, Korea. There are Representatives' Offices of this Bank in Beirut, Havana, Mexico City, Milan, New Delhi, New York, Paris, Rio de Janeiro, Washington, and Zurich.

Our wholly-owned subsidiary, Bank of America (International), opened new branches in Singapore and Paris, and established a military facility in France, during 1955. These are in addition to its branch in Dusseldorf, Germany, which has been in operation for several years. Plans are now under way for a branch in Beirut, Lebanon, which has become a key financial center in the Middle East. In addition, another facility will soon be opened to serve

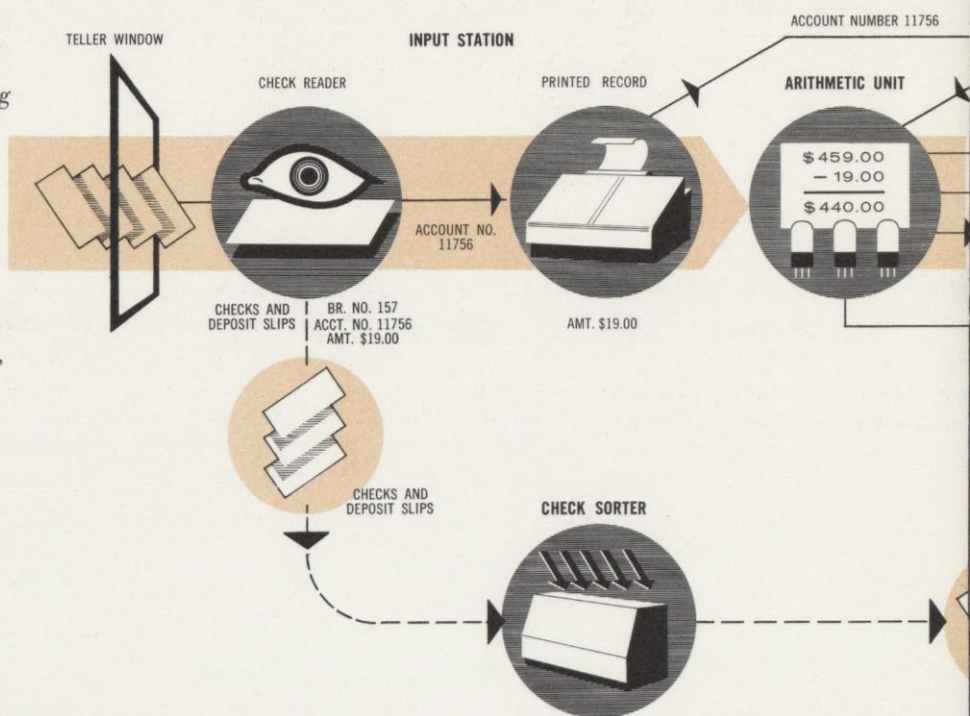


New style teller's counter



How Erma Functions

This chart illustrates the processing of checks and deposits by ERMA, the automatic bookkeeping machine. This machine "remembers" all transactions, checks for stop payments and holds, determines whether the balance in the account is sufficient to cover the check being processed, enters the transaction, checks the accuracy of its postings and prepares the monthly statements. The physical check or deposit takes the path of the dotted line; the information from it follows the solid lines.



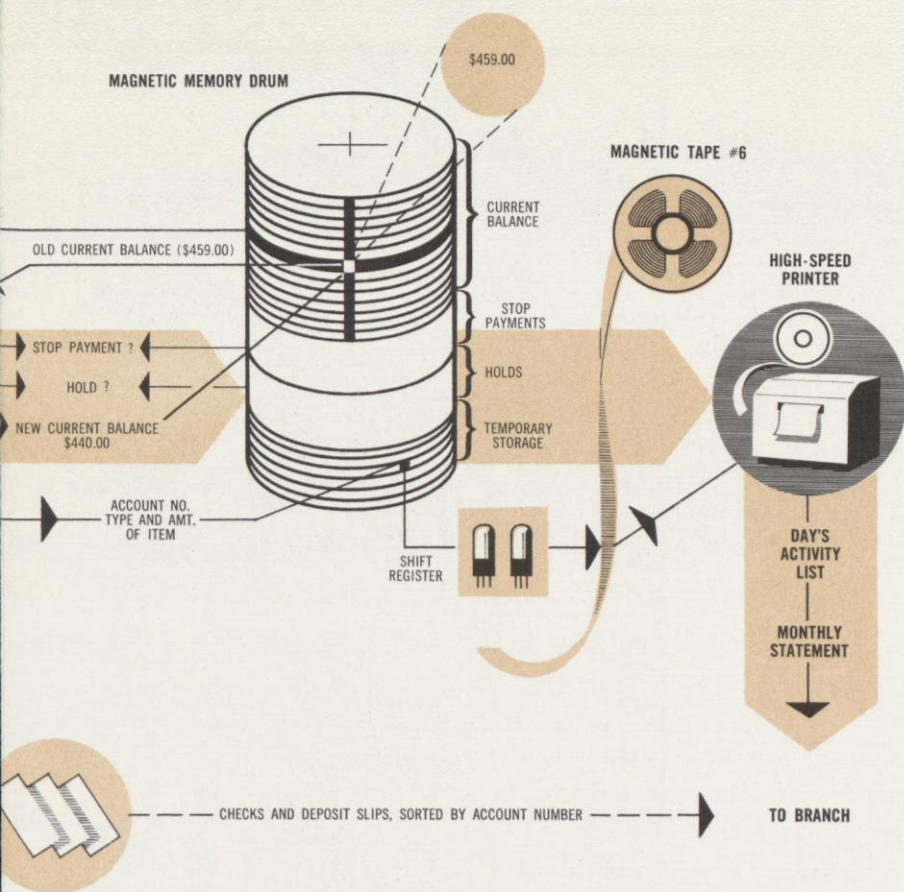
United States military personnel in Dreux, France.

This subsidiary, with its home office in New York, has shown good progress in the past year. Deposits have grown to a year-end total of \$137,309,776 and total resources to \$234,056,980. Net Operating Earnings for the year, after applicable taxes, were \$912,585 compared with \$459,534 in 1954.

New branches and branch construction—The amazing population growth of California quite naturally has brought numerous suburban communities into being in various sections of the State. Many of these, and other small communities which previously could not justify a bank, have grown to the point where banking services are warranted. In the larger cities, traffic congestion has made it increasingly difficult for customers in outlying areas to conduct their banking business in downtown city branches. Furthermore, volume of business has made many of our existing branches inadequate. We have sought aggressively to solve the problems and to meet the opportunities which these changes have created.

During the past year, 18 existing branch buildings have been enlarged or remodeled, and 26 branches have moved into new, more suitable quarters. In addition, parking facilities have been provided for the convenience of our customers at 41 branches.

Following our historic policy of providing convenient banking service on a neighborhood



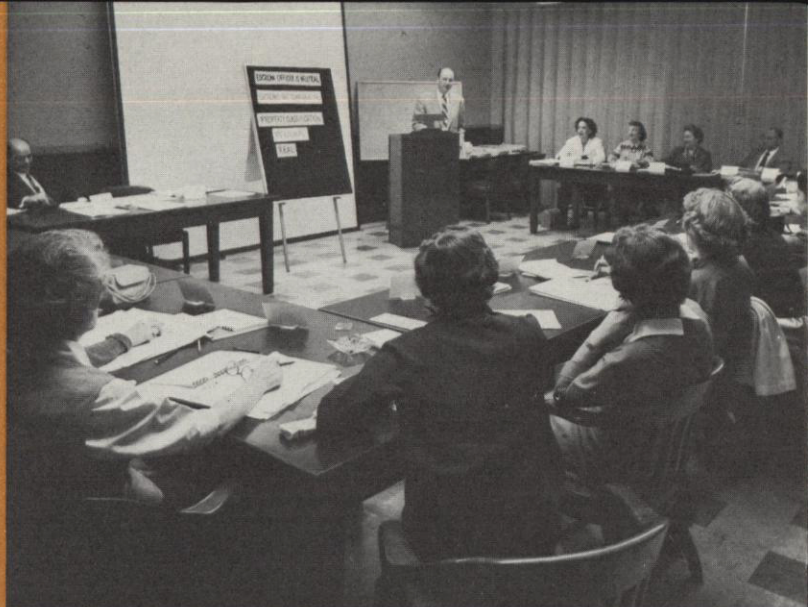
IBM 702 Electronic Data Processing Machine installed in September 1955 and presently employed in accounting for 90,000 real estate loans in the San Francisco area.

basis, we applied to the banking authorities during the past year for a number of permits for additional branches. While not all of these were granted, we are pleased to report that a number were received, and 23 new branches were opened for business during 1955. In addition, last June we acquired the business of the Peoples Bank in the Lakewood area of Long Beach. This bank and its two branches now constitute the Lakewood Village, Viking Way, and Lakewood Center branches of Bank of America and with their fine staffs represent a splendid addition to our organization. Additional branch permits are in our hands and these offices will be opened as soon as suitable quarters can be provided.

A new corporation, Continental Auxiliary Company, was organized during the past year to perform for the Bank certain functions previously performed by unaffiliated companies. This new corporation was established with only nominal capital, and its shares are being held in trust for the benefit of the Bank's shareholders.

Under this arrangement, fees previously paid to others will inure to the benefit of our own shareholders, and we have been able to eliminate certain duplications of effort which previously existed.

We expect the new procedures made possible by the creation of this new corporation will result in some increased revenues for the Bank and in a reduction of expenses. Even though these will not be major in size, they will contribute to the success of our future operations.



Typical staff training sessions

New equipment and procedures are becoming of increasing importance in the banking field. Perhaps never before in the history of banking have methods and equipment been scrutinized so closely, and this is particularly true of this institution. Hundreds of new devices are examined and tested in the light of our operational requirements. Old methods are continually examined to determine whether new ways can be devised to perform the task better and more economically. Experiments are conducted with interior branch arrangements. We design and develop new pieces of equipment for our own use and investigate innovations made by other banks to determine whether we might advantageously adopt them.

As a result of our aggressive research program, changes in procedures are being made constantly. We are beginning to apply the magic of electronics to our accounting activities with very satisfactory results. Actually, the application of electronics to the problems of record-keeping is just beginning. As announced to our shareholders some months ago, this Bank has made a major contribution to the development of electronic devices by arranging to have an almost completely automatic bookkeeping machine developed for our use. In addition, some months ago we installed an electronic data processing machine which is now handling all of the accounting of some 90,000 real estate loans, and before long will be performing the same function for approximately 200,000 Timeplan loans. We shall continue to make such installations where their use appears justified.

It is our belief that equipment of this character will greatly improve our methods of operation, will improve the quality of our service, and, equally important, will help to control and stabilize operating expenses. We are confident also that electronic equipment offers tremendous possibilities for the development of new services which banks will be able to offer their customers. It is our intention to explore these possibilities very carefully and to offer new and improved services as fast as they can be developed on a practical basis.

Atomic energy and electronics give promise of greatly expanded usefulness as their application to peaceful, productive purposes is explored. In order that our Bank officers may be informed on new developments in these fields and so that we may be prepared to meet the financial requirements of business as these processes are adapted to business needs, we have retained the services of the Stanford Research Institute to act as our consultants in these

highly technical, growing areas of man's knowledge. The Institute, which has established a splendid reputation for finding practical application for new discoveries, is making its technicians available to us for consultation on specific matters in which the Bank and its customers may be interested. It is also keeping us informed on developments in these areas which may be of direct value to the Bank in its constant search for improved methods for handling its tremendous volume of record-keeping and accounting.

Now a word about our more than 200,000 shareholders. Widespread ownership has long been a characteristic of this Bank. Even in the earliest days of its history, A. P. Giannini believed that this institution should be owned by the people whom it serves and should not be dominated by a few large stockholders. He also believed that the men and women who work for it should be interested in its welfare, not only as employees but also as shareholders.

Figures compiled some months ago by a leading financial publication disclose that of all the great corporations in this country only six have more shareholders than this Bank. Our shareholders reside in each of California's 58 counties and in every state of the Union. Some 1,500 reside in countries and territories outside of the United States. The average holding is relatively small and no one individual owns more than a fraction of one percent of the outstanding shares.

The enthusiastic support of our large family of shareholders continues to be of incalculable value. Not only do many thousands of you do business with "your" Bank, but many of you have added to its growth and profits by encouraging your friends and associates to use the Bank's services. We are very appreciative and extend our hearty thanks.

Finally, a brief look at the more than 22,000 loyal men and women who staff our domestic and overseas offices and who have made our successful operations possible. The ranks of our old-timers continue to grow despite retirements and untimely deaths. At the year-end, 1,768 men and women still in active service had been with us 25 or more years. Steeped in the traditions of Bank of America, their loyalty and enthusiasm is a very valued asset. In a large measure they have the responsibility for maintaining the ideals which have made this institution so successful and in seeing to it that younger Bankamericans are trained and inspired to carry the Bank forward.

With employment throughout the country at peak levels, competition for employees has been very keen. Turnover, particularly among the junior employees who perform the more routine tasks, continues at a higher level than we like to see. This is a problem which we share with other employers and it is receiving our continual close attention. We are confident that our benefit plans are now on a competitive basis, and we are examining the employment market at frequent intervals to see that our salary levels are in harmony with what other employers are paying for similar work.

In preparation for the future, special emphasis is being placed on staff training and on planning for future officer requirements. In 1955 nearly 5,000 of our employees attended classes of the American Institute of Banking. Over 2,400 officers and employees participated

in staff training conferences and classes conducted by our Bank and 103 officers and employees were being given special, full-time training programs. All of this was in addition to the day by day on-the-job training which is part of the operation of every branch and department.

At the year-end, 237 Bankamericans were on leave of absence for military service. We anxiously await their return and the resumption of their banking careers.

In May, 1955, Chairman of the Board Fred A. Ferroggiaro reached retirement age after almost 49 years of devoted service. While we miss his daily counsel, we are pleased that he retains an active interest in the affairs of the Bank as a member of the Board of Directors, and of the Executive, Auditing and Examining, and General Trust Committees.

To succeed Mr. Ferroggiaro as Chairman of the Board, Mr. Jesse W. Tapp was selected. During the year, Mr. Lloyd Mazzera was advanced to Executive Vice President and Chairman of the General Finance Committee, and Mr. Marsden S. Blois to Executive Vice President and Vice Chairman of the General Finance Committee. Each of these men has had long, distinguished service with our Bank.

Our sincere thanks are extended to our Directors, to the members of our Advisory Council and of our Advisory Boards, and to our officers and employees, for the hard work, enthusiastic support, and devoted service which have contributed so significantly to our year's operations.

As the new year begins, our earning assets are substantially greater than they were a year ago. While it appears unlikely that the economy will move ahead at the accelerated pace which typified 1955, there is little in the present situation which suggests an over-all downward trend. It is not anticipated that the automotive and housing industries will continue to maintain their last year's rate of activity, but business spending on plant and equipment should increase as firms everywhere strive to keep abreast of constantly-expanding demand and technological advances. In addition, the still uncertain international outlook and the growing needs of our rapidly expanding population for roads, schools, and other public facilities, will necessitate continued high levels of governmental expenditures. Moreover, any indications of declining over-all demand undoubtedly will be met by offsetting governmental actions and relaxation of present credit restrictions. Thus, we expect that the coming year will be a prosperous one for California, the West and the Nation. Your Bank may be expected to continue its healthy progress and to take full advantage of every opportunity to enlarge the scope of its usefulness.



F. A. Ferroggiaro

President

Jesse W. Tapp

Chairman

Members of Board of Directors and Advisory Council

H. M. Bardt
Vice President and Senior Trust Officer
Bank of America N. T. & S. A.

S. Clark Beise
President
Bank of America N. T. & S. A.

Wheelock H. Bingham
Macy's
New York, New York

W. E. Blauer
L. Lion and Sons Co.
San Jose, California

Marsden S. Blois
Executive Vice President
Bank of America N. T. & S. A.

Leon Bocqueraz
Merchants National Realty Corp.
San Francisco, California

W J. Braunschweiger
Executive Vice President
Bank of America N. T. & S. A.

Kauffman L. Carver
Arden Farms Company
Los Angeles, California

Joseph A. Cereghino
National Labeling Machine Co., Inc.
Los Angeles, California

Austin T. Cushman
Sears, Roebuck & Co.
Los Angeles, California

Robert Di Giorgio
Di Giorgio Fruit Corp.
San Francisco, California

R. P. A. Everard
Kentfield, California

Louis Ferrari
Ferrari and Ferrari
San Francisco, California

F. A. Ferroggiaro
Oakland, California

Alfred J. Gock
Director, Fruehauf Trailer Co.
Los Angeles, California

Marshal Hale, Jr.
Hale Bros. Realty Co.
San Francisco, California

P. C. Hale, Jr.
Broadway-Hale Stores, Inc.
San Francisco, California

C. N. Hawkins
Rancher
Hollister, California

Mrs. Claire Giannini Hoffman
San Mateo, California

Robert E. Hunter
Property Management
Santa Barbara, California

Eric A. Johnston
Motion Picture Association of America, Inc.
Washington, D. C.

Alfred J. Lundberg
Director, Key System Transit Lines
Oakland, California

Harry A. Mazzera
Mazzera, Snyder & De Martini
Stockton, California

Lloyd Mazzera
Executive Vice President
Bank of America N. T. & S. A.

Garret McEnerney II
McEnerney & Jacobs
San Francisco, California

Henry S. McKee
American Mutual Fund Inc.
Los Angeles, California

Wm. Wallace Mein
Calaveras Cement Co.
San Francisco, California

Chas. M. Paganini
Security Lithograph Co.
San Francisco, California

George J. Panario
Director, General Metals Corp.
Atherton, California

Neil Petree
Barker Bros. Corporation
Los Angeles, California

Angelo Petri
United Vintners Inc.
San Francisco, California

Roland Pierotti
Assistant to the President
Bank of America N. T. & S. A.

Chas. H. Quinn
Electrical Products Corp.
Los Angeles, California

J. H. Rosenberg
Lehman Brothers (New York City)
Los Angeles, California

A. E. Sbarboro
Pacific National Fire Insurance Co.
San Francisco, California

Russell G. Smith
Executive Vice President
Bank of America N. T. & S. A.

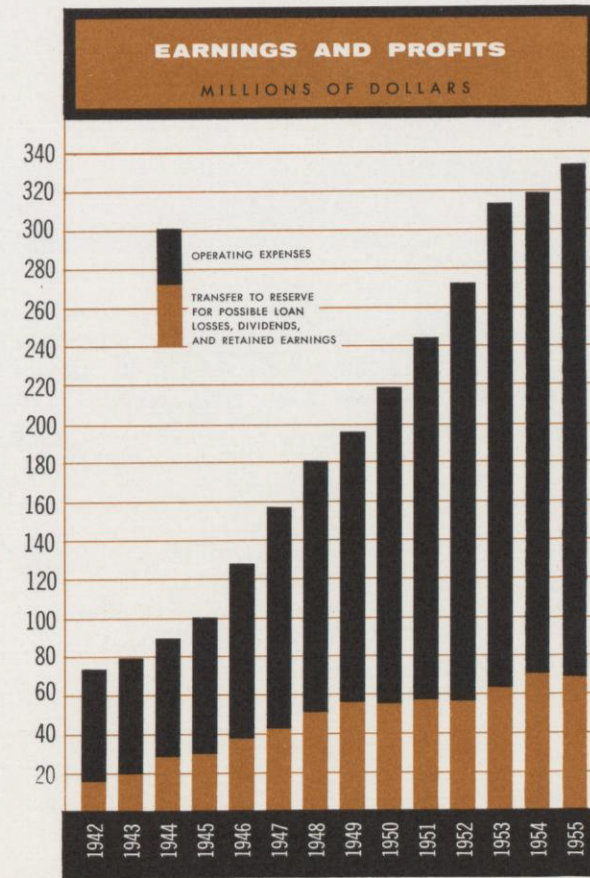
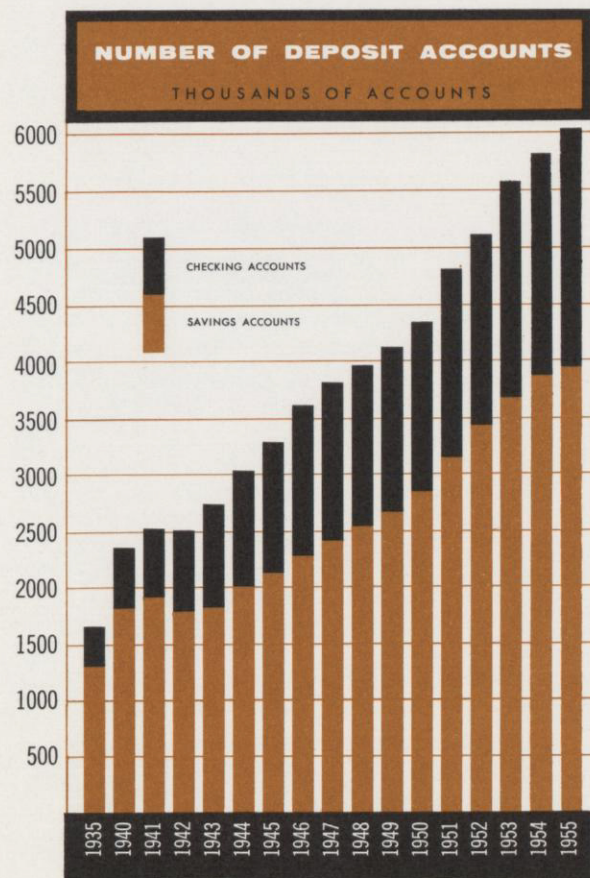
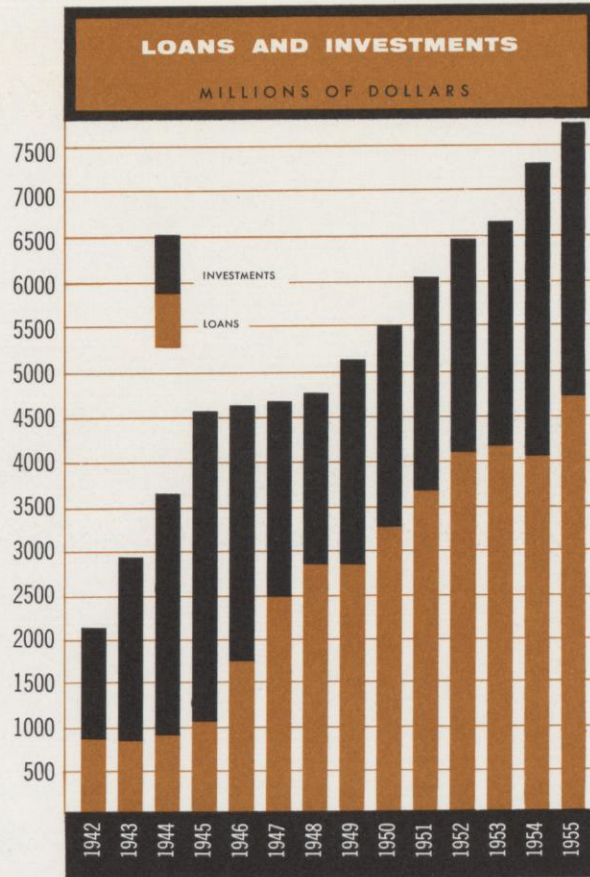
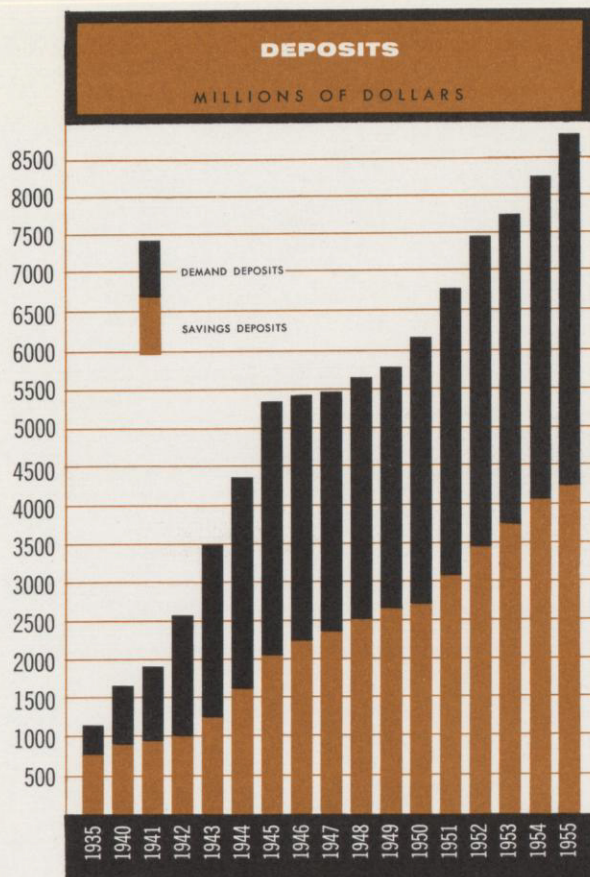
Samuel B. Stewart
Vice President and General Counsel
Bank of America N. T. & S. A.

Jesse W. Tapp
Chairman of the Board
Bank of America N. T. & S. A.

Edward R. Thurber
Rancher
Vacaville, California

Roland Tognazzini
Rosenberg Bros.
San Francisco, California

Carl F. Wente
President, California State
Chamber of Commerce
San Francisco, California



51 Years of Growth of Bank of America N T & S A

Dec. 31	Total Deposits	Capital	Surplus and Undivided Profits	Loans and Discounts	Investments in Securities	Total Resources	Number of Deposit Accounts	Number of Banking Offices in California
1904	\$ 134,413	\$ 150,000	\$ 1,024	\$ 178,400	\$ 34,446	\$ 285,437	①	1
1905	703,024	300,000	10,000	883,522	24,505	1,021,291	①	1
1906	1,348,723	500,000	31,565	1,471,123	81,571	1,899,947	①	1
1907	1,660,324	500,000	46,945	1,678,222	①	2,221,347	①	2
1908	1,728,899	750,000	78,673	1,669,567	57,884	2,574,005	①	2
1909	2,929,495	750,000	90,820	2,445,137	266,628	3,817,218	①	3
1910	5,348,151	1,000,000	150,000	4,159,459	858,547	6,539,861	①	3
1911	7,129,456	1,000,000	201,649	4,885,974	1,638,000	8,379,347	①	3
1912	9,916,018	1,000,000	251,437	7,092,823	1,846,769	11,228,815	①	4
1913	14,226,242	1,250,000	330,390	10,282,785	2,406,706	15,882,912	42,378	7
1914	16,272,563	1,250,000	350,217	11,457,790	2,677,718	18,030,402	50,253	7
1915	20,474,873	1,250,000	374,244	12,970,068	5,084,363	22,321,861	58,854	7
1916	36,804,776	2,000,000	691,452	23,682,894	7,527,408	39,805,995	90,683	12
1917	72,044,729	3,000,000	1,100,000	47,004,189	13,308,177	77,473,153	141,298	19
1918	85,937,839	5,000,000	2,000,000	59,869,035	14,538,649	93,546,162	161,626	24
1919	127,258,626	6,000,000	2,500,000	74,737,335	33,855,881	137,900,700	189,511	24
1920	140,993,545	9,000,000	3,913,240	95,127,616	37,199,447	157,464,685	221,788	24
1921	177,867,611	10,000,000	5,036,948	116,911,735	43,499,682	194,179,450	291,994	41
1922	229,751,526	15,000,000	7,529,844	152,989,286	59,090,529	254,282,290	401,798	61
1923	276,548,879	15,000,000	8,616,832	200,505,931	56,543,859	301,963,478	485,136	75
1924	328,963,919	17,500,000	10,561,578	204,472,438	96,489,255	358,656,302	548,265	87
1925	389,433,241	17,500,000	13,474,173	228,793,066	121,678,890	422,838,587	595,032	98
1926	416,656,511	20,000,000	16,928,035	255,557,233	129,630,279	460,981,773	616,313	98
1927	645,002,138	37,500,000	25,540,829	403,864,139	238,856,707	765,188,977	1,083,303	289
1928	698,435,841	50,000,000	55,756,632	410,276,641	272,884,061	847,910,539	1,139,076	290
1929	893,892,733	50,000,000	58,251,159	541,617,718	246,538,740	1,055,113,373	1,444,090	292
1930	998,039,477	50,000,000	54,136,374	669,258,341	249,139,543	1,161,895,889	1,625,381	353
1931	749,796,772	50,000,000	54,290,312	548,431,954	237,965,856	925,150,152	1,542,783	346
1932	700,447,811	50,000,000	49,890,774	480,675,374	262,952,550	876,309,347	1,380,550	345
1933	767,817,646	50,000,000	49,591,605	458,693,566	311,084,996	941,001,838	1,357,224	345
1934	978,332,802	50,000,000	47,164,341	461,645,975	477,989,657	1,142,323,319	1,547,604	413
1935	1,155,265,465	50,000,000	50,867,307	451,009,354	622,694,559	1,277,419,381	1,677,558	421
1936	1,298,976,759	50,000,000	55,024,112	532,076,966	625,809,982	1,430,337,201	1,911,035	466
1937	1,357,378,756	50,000,000	59,104,964	630,668,811	553,131,379	1,493,373,095	2,123,057	491
1938	1,437,027,491	50,000,000	64,058,600	673,828,309	557,632,428	1,574,721,670	2,182,298	494
1939	1,482,791,676	50,000,000	66,845,842	711,054,697	604,268,671	1,628,586,278	2,268,843	495
1940	1,632,228,397	62,000,000②	82,278,753	778,295,101	668,676,296	1,817,535,186	2,384,551	495
1941	1,908,383,921	60,800,000②	83,634,808	914,569,553	693,113,910	2,095,635,619	2,538,783	495
1942	2,586,140,699	59,215,920②	83,151,214	840,469,960	1,265,749,444	2,771,689,632	2,512,805	487
1943	3,498,153,210	58,102,920②	87,051,168	810,660,642	2,095,432,722	3,697,912,675	2,743,231	488③
1944	4,350,539,688	68,085,560②	140,779,201	894,436,931	2,740,064,364	4,609,124,133	3,054,803	491③
1945	5,339,307,098	108,085,560②	117,155,495	1,018,741,456	3,533,172,278	5,626,063,927	3,316,494	493③
1946	5,415,849,715	106,646,375	130,235,547	1,722,743,513	2,882,151,377	5,765,525,193	3,619,925	500③
1947	5,467,199,162	106,646,375	150,525,936	2,492,979,739	2,170,721,906	5,845,817,669	3,815,802	508③
1948	5,639,523,419	106,646,375	172,872,255	2,807,070,398	1,945,231,719	6,072,913,872	3,978,403	517③
1949	5,775,110,029	127,975,650	177,868,961	2,804,522,646	2,322,505,622	6,250,402,352	4,120,523	525③
1950	6,191,705,871	150,000,000	244,822,146	3,256,953,558	2,243,415,017	6,863,358,214	4,374,838	526③
1951	6,815,866,795	150,000,000	257,218,390	3,632,685,350	2,439,510,645	7,531,296,927	4,832,147	529③
1952	7,485,116,184	150,000,000	269,076,801	4,069,150,471	2,413,852,775	8,201,689,369	5,276,315	538③
1953	7,744,200,096	150,000,000	286,267,820	4,148,713,734	2,531,605,621	8,501,761,722	5,581,697	543③
1954	8,270,534,751	150,000,000	311,140,888	4,043,312,145	3,271,392,367	9,163,355,289	5,818,851 (November 30)	548③
1955	8,802,506,128	150,000,000	330,080,550	4,727,961,473	2,984,567,789	9,669,145,972	6,037,663	574③

① Not available.

② Includes Preferred Stock but does not include Reserve for Increase of Common Capital, which amounted to \$1,200,000 in 1941, \$2,784,080 in 1942, \$3,897,080 in 1943, and \$3,914,440 in 1944. This Reserve was not needed and was transferred to Undivided Profits on June 15, 1945, concurrently with the payment of a 66⅔% stock dividend. During 1946, 400,327 shares of Preferred Stock (\$8,006,540 par value) were converted into 531,710 shares of Common Stock (\$6,646,375 par value), and the difference in par value, \$1,360,165, was credited to Surplus Account. The remaining shares of Preferred Stock, 3,951, were retired by call July 31, 1946.

③ In addition, the bank was operating 31 "Military Facilities" at December 31, 1943; 42 at December 30, 1944; 39 at December 31, 1945; 15 at December 31, 1946; 12 at December 31, 1947 and 1948; 17 at December 31, 1949; 21 at December 30, 1950; 25 at December 31, 1951; 31 at December 31, 1952; 30 at December 31, 1953 and 1954, and 31 at December 31, 1955.

